

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 9, 2004**

AGENDA ITEM NO.: 14

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Amendment of City Code Section 34-14 – Adjustments to Sewer Bill**

RECOMMENDATION: Adopt the attached ordinance to amend City Code Section 34-14, Adjustments to Sewer Bill.

SUMMARY: Section 34-14 enables industrial and commercial customers to apply for relief from the standard sewer rates prescribed by Section 34-12.1 for water not returned to sewer for treatment. Section 34-14 requires the customer to submit annual records proving the amount of water not returned to sewer. The Utilities Division reviews these records and computes the rate adjustment. The Billings and Collections Division modifies the customer's account billing program accordingly. The adjusted rate is effective for 12 months beginning July of each year. There are no fees, regulations, or written administrative procedures for this program.

Additionally, the Utilities Division has previously interpreted Section 34-14 to allow monthly adjustments for irrigation systems through the use of special city-owned water-only meters and accounts. The regulations and administrative procedures for water-only meters are the same as for regular water meters.

The Utilities Division was requested to investigate the impact of providing eligibility to institutional customers and customers owning previously ineligible cooling towers and boilers. Section 34-14 would require amendment to provide this eligibility and make the Code consistent with current practice.

The Utilities Division has already received inquiries from three previously ineligible institutional customers and one industrial customer concerning a previously ineligible cooling tower. The Division expects to receive additional requests should the proposed amendment be enacted. Because of the amount of revenue involved, the need to more systematically administer an expanded program, and the cost of administration, the Utilities Division recommends the approval of the Sewer Bill Adjustment Program if the ordinance to amend the Code is adopted.

PRIOR ACTION(S) At the February 24, 2004 Council work session, the Utilities Division was directed to prepare the code amendment ordinance for adoption by Council. The authority to approve the Sewer Bill Adjustment Program was delegated to the City Manager or his designee.

FISCAL IMPACT: At present, four manufacturing companies participate in the program, and are being granted adjustments. The estimated total adjustments for FY 2004 are \$217,000. This amount does not include administrative costs or adjustments for irrigation water-only accounts, which are difficult to segregate from the thousands of other water-only accounts for customers who do not have sewer service.

The Division estimates a potential negative impact on revenues of \$150,000 to \$200,000 for new cooling tower adjustments, and \$25,000 to \$50,000 for irrigation adjustments, for a total incremental negative revenue impact of \$175,000 to \$250,000 per year. When added to existing adjustments of \$217,000, the program is estimated to have a Sewer Fund negative impact of \$392,000 to \$467,000 per year. This is equivalent to approximately 4.4% to 5.3% of annual Sewer Fund revenues.

These estimates do not include the one-time cost of the program development, which is being done internally by the Utilities Division. The recommended fees have been designed to cover the direct

personnel expense of processing applications and making periodic inspections of the facilities, but do not cover the costs of customer service, general administration, appeals, equipment malfunction, and noncompliance. It is estimated that annual new revenues from these fees will amount to approximately \$5,000.

<u>CONTACTS:</u>	Steve Shenk, Utilities Engineer	847-1322 (Ext. 110)
	Tim Mitchell, Asst. Dir. Of Utilities	847-1322 (Ext. 112)
	Dan Sneed, Dir. Of Utilities	844-1322 (Ext. 107)
	Bruce McNabb, Dir. Of Public Works	455-3946

ATTACHMENTS: Proposed Sewer Bill Adjustment Ordinance

REVIEWED BY: lkp

AN ORDINANCE TO AMEND AND REENACT SECTION 34-14 OF THE CODE OF THE CITY OF LYNCHBURG, 1981, AS AMENDED, RELATING TO ADJUSTMENTS TO SEWER BILLS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That Section 34-14 of the Code of the City of Lynchburg be, and the same is hereby amended and reenacted as follows:

Sec. 34-14. Adjustments to sewer bill.

(a) The amount of ~~sewerage~~ sewage billed at the rates contained in Section 34-12.1 shall be based on the amount of water consumed for the billing period unless contracts for the treatment of industrial wastes provide for specific terms to the contrary. ~~Certain Industrial, or commercial, or institutional~~ customers may apply for relief to provisions of ~~this section~~ Section 34-12.1 on an annual basis provided that ample documentation is provided by ~~January~~ March 1 of each year to the ~~utilities administrator~~ director of utilities, or his/her designee, to show that water consumed is not returned to the collection system to be treated as waste at the waste treatment plant. Alternatively, industrial, commercial, or institutional customers may apply for relief through the installation of city-owned water-only meters for uses that return little or no water to the collection system.

(b) All sewer bill adjustment systems intended to determine the amount of water not returned to sewer shall be designed, installed, operated, and maintained in accordance with the City of Lynchburg sewer bill adjustment program. Copies of the program shall be filed with the director of utilities, or his/her designee, and shall be made available to any customer who wishes to see them.

2. That this ordinance shall become effective April 1, 2004.

Adopted:

Certified:

Clerk of Council

026L